

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
Lafourche Parish Police Jury

COMPONENT UNIT FINANCIAL STATEMENTS

DECEMBER 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/22/11

**LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
COMPONENT UNIT FINANCIAL STATEMENTS
DECEMBER 31, 2010**

TABLE OF CONTENTS

	<u>Page No.</u>
COMPONENT UNIT FINANCIAL STATEMENTS	
Independent Accountants' Review Report	1
Required Supplemental Information	
Managements' Discussion and Analysis	4
Government-Wide Financial Statements	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements	
Proprietary Funds:	
Statement of Fund Net Assets	12
Statement of Revenues, Expenses and	
Changes in Fund Net Assets	13
Statement of Cash Flows	14
Notes to Financial Statements	
Index	17
Notes	18
AGREED-UPON PROCEDURES	
Independent Accountants' Report on Applying	
Agreed-Upon Procedures	27
SUPPLEMENTARY INFORMATION	
Schedule of Compensation Paid to Board Members	31
Louisiana Attestation Questionnaire	32

COMPONENT UNIT FINANCIAL STATEMENTS

MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

.....
3121 Van Buren Street, Suite A
P. O. Box 30
Baker, Louisiana 70704-0030
Phone (225) 775-4982 * Fax (225) 775-4912
mstages@butlercpa.brcoxmail.com

Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Quality Control Center

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Dr. Terry Dantin, Chairman
and Members of the Board
Lafourche Parish Sewerage District No. 1
164 West Main Street
Thibodaux, Louisiana 70301

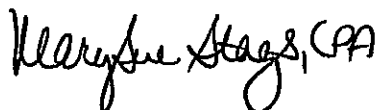
We have reviewed the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Lafourche Parish Sewerage District No. 1, component unit of the Lafourche Parish Police Jury, as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management.

Our review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and the applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of District personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated April 18, 2011, on the results of agreed-upon procedures.

The management's discussion and analysis and schedule of compensation paid to board members are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive style with a large, stylized "M" and "S".

Mary Sue Stages, CPA,
A Professional Accounting Corporation
April 18, 2011

REQUIRED SUPPLEMENTARY INFORMATION

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2010

Managements' Discussion and Analysis (MD&A) is a required component of financial reporting to provide an objective and easily readable analysis of the Lafourche Parish Sewerage District No. 1's (hereafter referred to as the District) financial activities based on currently known facts, decisions or conditions. Management has included this narrative overview and analysis of the financial activities of District to hopefully assist users in assessing whether financial position has improved or deteriorated as a result of the year's activities

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District using a perspective similar to that used by the private sector. These statements include a 1) statement of net assets and 2) statement of activities.

Statement of Net Assets. This statement presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities. This statement presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on revenues provided by its taxpayers.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The business-type activities of the District include activities related to the operation and maintenance of a sewerage treatment system.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one category of funds: proprietary funds.

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2010

Proprietary Funds. Proprietary funds are used to account for activities that are similar to activities that may be performed by a commercial enterprise. However, the purpose of such a fund isn't to maximize its return on invested capital, but to provide a service or product to the public at a reasonable cost, the objective being to cover operating and capital expenses through user fees. The District maintains only one type of proprietary fund – an enterprise fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses an enterprise fund to account for its sewer maintenance fees. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

The fund financial statements can be found on pages 12-15 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The index of the notes is found on page 17 with the actual notes beginning immediately afterwards.

FINANCIAL ANALYSIS OF THE DISTRICT

Net assets serve as a useful indicator of the District's financial position from year to year. The following is a summary of the District's net assets:

SUMMARY OF NET ASSETS

	Business-type Activities	
	<u>2010</u>	<u>2009</u>
Assets:		
Current and other assets	\$ 45,298	\$ 24,929
Investments	13,660	13,660
Restricted assets	242,588	265,204
Capital assets, net	<u>1,554,540</u>	<u>1,654,184</u>
Total assets	1,856,086	1,957,977
Liabilities:		
Current liabilities	73,467	71,743
Long-term liabilities	<u>1,526,971</u>	<u>1,595,971</u>
Total liabilities	1,600,438	1,667,714

**LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2010**

Net Assets:

Investment in capital assets, net of related debt	\$ (41,431)	\$ (8,787)
Unrestricted	<u>297,079</u>	<u>299,050</u>
Total net assets	<u>255,648</u>	<u>290,263</u>

Net assets decreased during the year by \$34,615 due almost entirely to the interest on debt. Operating income was \$4,506.

The following table provides a summary of the District's changes in net assets:

SUMMARY OF CHANGES IN NET ASSETS

	Business-type Activities	
	<u>2010</u>	<u>2009</u>
Revenues:		
General revenues:		
Interest earned	\$ 724	\$ 2,202
Program revenues:		
Charges for services	<u>215,616</u>	<u>235,246</u>
Total revenues	216,340	237,448
Expenses:		
Sewer maintenance	211,110	212,955
Interest expense	<u>39,845</u>	<u>39,715</u>
Total expenses	<u>250,955</u>	<u>252,670</u>
Decrease in net assets	(34,615)	(15,222)
Net assets, beginning of year	<u>290,263</u>	<u>305,485</u>
Net assets, end of year	<u>255,648</u>	<u>290,263</u>

Total revenues for the year ended December 31, 2010, decreased by \$21,108.

**LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2010**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets, net of accumulated depreciation, for its business-type activities as of December 31, 2010, was \$1,554,600. Additions in 2010 included an emergency power system.

A summary of capital assets at year-end is as follows for the years indicated:

	CAPITAL ASSETS Net of Accumulated Depreciation	
	<div>Business-type Activities</div>	
	<u>2010</u>	<u>2009</u>
Non- Depreciable Assets:		
Land	\$ 4,000	\$ 4,000
Depreciable Assets:		
Sewerage plant	<u>1,550,600</u>	<u>1,650,184</u>
Total Capital Assets	<u>1,554,600</u>	<u>1,654,184</u>

Long-Term Debt. The District received \$1,727,971 over a period of three years to build a new wastewater treatment plant. Principle payments began in the preceding year and are paid annually. Interest on the outstanding debt is paid twice annually. Principle paid during 2010 amounted to \$67,000 while interest was paid in the amount of \$39,842.

ECONOMIC ENVIRONMENT AND NEXT YEAR'S PLANS

The Board of the Lafourche Parish Sewer District No. 1 is a five member board that holds monthly meetings to review current operating matters and to address the needs of the District. Occasional power outages and pump failures are attended to accordingly. Curtis Environmental Services, Inc. is the system operator. Environmental Engineering Services, Inc. (EES, Inc.) is providing engineering services to the District.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Lafourche Parish Sewerage District No. 1's, component unit of the Lafourche Parish Police Jury, finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to our accountants at T. S. Kearns & Co., CPAs, 164 W. Main Street, Thibodaux, Louisiana 70301, 985-447-8507.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

<u>ASSETS</u>	<u>Business-type Activities</u>
Cash and cash equivalents	\$ 25,759.63
Receivables, net	17,184.92
Prepaid insurance	2,293.52
Investments	13,660.37
Meter deposits	60.00
Restricted assets:	
Cash and cash equivalents	242,587.99
Capital assets, net	<u>1,554,539.85</u>
Total Assets	1,856,086.28
 <u>LIABILITIES</u>	
Accounts payable	4,332.69
Payroll and related payables	135.41
Bonds payable	<u>1,595,970.62</u>
Total Liabilities	<u>1,600,438.72</u>
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	(41,430.77)
Unrestricted	<u>297,078.33</u>
Total Net Assets	<u><u>255,647.56</u></u>

See Accompanying Notes and Independent Accountants' Review Report

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

<u>Functions/Programs</u>	<u>Programs Revenues</u>			<u>Net Revenues (Expenses)</u>	
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Business-Type Activities</u>	
Business-type Activities					
Sewer maintenance	\$ 211,110.46	\$ 215,616.11	\$ -	\$ 4,505.65	
Interest expense	39,845.03	-	-	(39,845.03)	
Total Business-type Activities	250,955.49	215,616.11	-	(35,339.38)	
General Revenues					
Interest earned				723.92	
Total General Revenues				723.92	
Change in Net Assets				(34,615.46)	
Net Assets, beginning				290,263.02	
Net Assets, ending				255,647.56	

See Accompanying Notes and Independent Accountants' Review Report

FUND FINANCIAL STATEMENTS

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

<u>ASSETS</u>		<u>Enterprise Fund</u>
Current Assets		
Cash and cash equivalents		\$ 25,759.63
Receivables, net		17,184.92
Prepaid insurance		2,293.52
Restricted assets:		
Cash and cash equivalents		242,587.99
	Total Current Assets	<u>287,826.06</u>
Investments		13,660.37
Non-Current Assets		
Meter deposits		60.00
Capital Assets:		
Land		4,000.00
Sewerage plants		2,238,955.17
Accumulated depreciation		(688,415.32)
	Total Non-Current Assets	<u>1,554,599.85</u>
	Total Assets	1,856,086.28
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable		4,332.69
Payroll and related payables		135.41
Bonds payable - current portion		69,000.00
	Total Current Liabilities	<u>73,468.10</u>
Long-Term Liabilities		
Bonds payable		1,526,970.62
	Total Liabilities	<u>1,600,438.72</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt		(41,430.77)
Unrestricted		297,078.33
	Total Net Assets	<u><u>255,647.56</u></u>

See Accompanying Notes and Independent Accountants' Review Report

**LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010**

OPERATING REVENUES

Enterprise Fund

Charges for services:

Maintenance fees

\$ 215,616.11

OPERATING EXPENSES

Collection expense

7,162.40

Insurance

4,401.64

Loan fees to DEQ

8,130.96

Office supplies and expenses

600.29

Professional fees

8,227.80

Repairs/maintenance of system

43,886.05

Salaries

3,430.00

Taxes/licenses

1,286.08

Utilities

23,613.28

Depreciation

110,371.96

Total Operating Expenses

211,110.46

Operating Income

4,505.65

NON-OPERATING REVENUE (EXPENSES)

Interest earned

723.92

Interest expense

(39,845.03)

Total Non-Operating Revenue (Expenses)

(39,121.11)

Change in Net Assets

(34,615.46)

Net Assets, beginning

290,263.02

Net Assets, ending

255,647.56

See Accompanying Notes and Independent Accountants' Review Report

**LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES

Enterprise Fund

Cash received from customers	\$ 215,346.16
Cash paid to suppliers for goods and services	(101,007.46)
Net Cash Provided by Operating Activities	<u>114,338.70</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

-

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Principal payments on long-term obligations	(67,000.00)
Net Cash Used for Capital Financing Activities	<u>(67,000.00)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	723.92
Interest paid	(39,845.03)
Acquisition of capital assets	(10,728.00)
Net Cash Used for Investing Activities	<u>(49,849.11)</u>

Net Decrease in Cash and Cash Equivalents	(2,510.41)
---	------------

Cash and Cash Equivalents, beginning of year	<u>270,858.03</u>
--	-------------------

Cash and Cash Equivalents, end of year	<u><u>268,347.62</u></u>
--	--------------------------

BALANCE SHEET PRESENTATION OF CASH:

Current Assets:

Cash and cash equivalents	25,759.63
---------------------------	-----------

Restricted Assets:

Cash and cash equivalents	<u>242,587.99</u>
---------------------------	-------------------

	<u><u>268,347.62</u></u>
--	--------------------------

Continued

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>Enterprise Fund</u>
Operating income	\$ 4,505.65
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	110,371.96
(Increase) decrease in assets:	
Accounts receivable	(269.95)
Prepaid insurance	6.55
Increase (decrease) in liabilities:	
Accounts payable	(410.92)
Payroll and related payables	<u>135.41</u>
Total Adjustments	<u>109,833.05</u>
Net Cash Provided by Operating Activities	<u><u>114,338.70</u></u>

See Accompanying Notes and Independent Accountants' Review Report

NOTES TO FINANCIAL STATEMENTS

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
INDEX TO NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

<u>Note</u>	<u>Description</u>	<u>Page No.</u>
	Introduction.....	18
1	Summary of Significant Accounting Policies	18
2	Cash and Cash Equivalents	23
3	Investments.....	24
4	Receivables.....	24
5	Capital Assets	24
6	Accounts and Other Payables.....	25
7	Long-Term Obligations.....	25
8	Related Party Transactions.....	25
9	Litigation and Claims	25
10	Subsequent Events.....	25

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

INTRODUCTION

The Lafourche Parish Sewerage District No. 1 was created by the Lafourche Parish Police Jury, as authorized by Louisiana Revised Statute 33:3883. A Board of five commissioners who are appointed by the Lafourche Parish Council governs the District. The Board of Commissioners receives a fee for attendance at meetings.

The District is authorized to construct, operate and maintain a sewerage system for users within its boundaries. This is accomplished through fees charged to property owners. It currently serves approximately 390 customers.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the District conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing business-type accounting and financial reporting principles.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Criteria considered to determine financial accountability includes an organization (1) where the reporting entity has the authority to appoint a voting majority of the organization's governing body and (a) the ability of the reporting entity to impose its will on the organization and/or (b) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity; (2) with fiscal dependence on the reporting entity; and (3) for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

For reporting purposes, the Lafourche Parish Police Jury is the governing authority of the District. Based on the criterion listed above, it is determined that the Lafourche Parish Sewerage District No. 1 is a component unit of the Lafourche Parish Police Jury. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information of the Police Jury, the general government services provided by that government unit or other governmental units that comprise the reporting entity.

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Government-Wide Accounting: In accordance with Government Accounting Standards Boards Statement No. 34, the District has presented a statement of net assets and statement of activities. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Inter-fund receivables and payables are eliminated in the statement of net assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

Application of FASB Statements and Interpretations

Reporting on governmental-type and business-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the modified cost recovery system over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net assets.

Under the requirements of GASB Statement No. 34, the District is considered a Phase 3 government, as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. This does not impact the District, as it does not have any infrastructure assets to report.

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Program Revenues

The statement of activities presents one category of program revenues – charges for services. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the District.

Direct/Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues.

Restricted Net Assets

Restricted net assets are those for which a constraint has been imposed either externally or by law. The District recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

Fund Accounting: The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. The District has only one fund that is considered a proprietary fund. The fund classification and a description of each existing fund type follow:

Proprietary Funds: Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise Funds – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Basis of Accounting/Masurement Focus: The type of financial statement presentation determines the accounting and financial treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred, regardless of when the related cash flows take place, in the statement of activities. Non-exchange transactions such as grants are recognized in the year the eligibility requirements are met. In these statements, capital assets are reported and depreciated in each fund.

Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The District considers all revenues available if they are collected within sixty days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting: As a proprietary fund, the District is not required to prepare an annual budget as discussed in Louisiana Revised Statute 39:1305. It does not prepare one.

Cash and Cash Equivalents: Cash includes amounts in demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed ninety days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The District has one certificate of deposit with a maturity date extending beyond ninety days.

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Capital Assets: The District's assets are recorded at historical cost. Contributed assets, if any, are reported at estimated fair value at the time of the donation. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Sewerage plant	45 years
Equipment	10 years

The District's capitalization policy includes adding all assets with a value of \$500 or more. However, assets that are less in value may be capitalized if their use will benefit more than one period.

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in business-type activities in the financial statements retroactively reported back to 1982. This did not impact the District, as it had no infrastructure assets at that time.

Compensated Absences: The District does not have compensated absences.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements, however, debt principal payments of business-type funds are recognized as expenditures when paid.

Net Assets/Fund Balances: In the statement of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are restricted by external sources, such as banks or by law, are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

In the balance sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific use.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2010, the District had cash and cash equivalents on hand (book balances) totaling \$268,347.62 of which \$242,587.99 is restricted, as follows:

Interest-bearing demand deposits	\$ 30,115.39
Money market savings	<u>238,232.23</u>
Total	<u>268,347.62</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2010, the District had \$271,625 in deposits (collected bank balances). These funds are insured by the Federal Deposit Insurance Corporation in the amount of \$500,000 and the balance in pledged collateral by the participating financial institutions.

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 3 – INVESTMENTS

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counter-party or the counter-party's trust department or agent but not in the entity's name. All investments of the District are certificates of deposit with maturities extending beyond 90 days. They are not subject to custodial credit risk. At December 31, 2010, the District had one certificate whose reported amount equaled its fair value as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Capital One	4/8/11	.01%	\$ <u>33,660.37</u>

NOTE 4 – RECEIVABLES

The following is a summary of receivables at December 31, 2010:

Customers	\$ <u>17,184.92</u>
-----------	---------------------

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, was as follows:

Business-type Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 4,000.00	\$.00	\$.00	\$ 4,000.00
Capital Assets, not being depreciated	4,000.00	.00	.00	4,000.00
Capital Assets, being depreciated				
Sewerage plant	2,228,227.17	10,728.00	.00	2,238,955.17
Less: accumulated depreciation	<u>578,043.36</u>	<u>110,371.96</u>	<u>.00</u>	<u>688,415.32</u>
Net sewerage plant	<u>1,650,183.83</u>	<u>(99,643.96)</u>	<u>.00</u>	<u>1,550,539.85</u>
Net Capital Assets, being depreciated	<u>1,650,183.83</u>	<u>(99,643.96)</u>	<u>.00</u>	<u>1,550,539.85</u>
Capital Assets, net	<u>1,654,183.81</u>	<u>(99,643.96)</u>	<u>.00</u>	<u>1,554,539.85</u>

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 6 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2010:

Class of Payables

Accounts	\$ 4,332.69
Payroll and related	<u>135.41</u>
Total	<u>4,468.10</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

There were no related party transactions that are required to be disclosed.

NOTE 8 – LITIGATION AND CLAIMS

There is no litigation that would require disclosure or reporting in the accompanying financial statements. The District is not aware of any potential or threatened claims.

NOTE 9 – SUBSEQUENT EVENTS

There are no subsequent events that would require disclosure in the accompanying financial statements.

AGREED-UPON PROCEDURES

**MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

.....
3121 Van Buren Street, Suite A
P. O. Box 30
Baker, Louisiana 70704-0030
Phone (225) 775-4982 * Fax (225) 775-4912
mstages@butlercpa.brcoxmail.com

*Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center*

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Dr. Terry Dantin, Chairman
and Members of the Board
Lafourche Parish Sewerage District No. 1
164 West Main Street
Thibodaux, Louisiana 70301

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Lafourche Parish Sewerage District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Lafourche Parish Sewerage District No. 1's compliance with certain laws and regulations during the year ended December 31, 2010, included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Lafourche Parish Sewerage District No. 1 is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law) or R.S. 39:1551-39:1755 (the state procurement code), whichever is applicable.

The cash disbursement journal was scanned and there were no expenditures exceeding \$20,000 for materials or supplies or public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

The District does not have any employees.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

No exceptions noted.

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

The District is not required to and does not prepare an annual budget.

6. Trace the budget adoption and amendments to the minute book.

N/A

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

N/A

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

All six of the payments were coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated adequate approval processes.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

All meetings were properly posted on the door of the District's meeting place.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds or like indebtedness other than those already recorded.

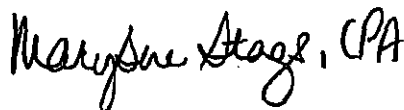
Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advance, or gifts.

The District does not have any employees.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Lafourche Parish Sewerage District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA

A Professional Accounting Corporation

April 18, 2011

SUPPLEMENTARY INFORMATION

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
DECEMBER 31, 2009

A schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

<u>Name</u>	<u>Amount</u>
Mr. Roland Cheramie	\$ 605.00
Dr. Terry Dantin	825.00
Mr. Ervin Edwards	660.00
Mr. Kent Lirette	605.00
Mr. Michael Ordogne	<u>660.00</u>
Total	<u>3,355.00</u>

See Independent Accountants' Review Report

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

Mary Sue Stages, CPA, APAC
P. O. Box 30
Baker, Louisiana 70704-0030

In connection with your review of our financial statements as of December 31, 2010, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 31, 2010.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations. We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

John E. Pelletier Mayor/Clerk/Director 1/4/11 Date
Signatures as applicable